

Message Text

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16 11
ACTION SS-20

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TO SECSTATE WASHDC 1339
INFO AMEMBASSY TOKYO
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E.O. 11652: GDS
TAGS: ETRD
SUBJECT: EFFECTIVENESS IN OVERSEAS COMMERCIAL FUNCTION

REF: STATE 239800

1. UNHAPPILY, IT TAKES A SUSPENSION OF CYNICISM TO REPLY TO STATE 239800. WE'VE HEARD IT ALL BEFORE, BUT LIKE THE GAMBLER WHO KNOWINGLY PLAYS A CROOKED WHEEL BECAUSE IT IS THE ONLY WHEEL IN TOWN, WE'LL RISK A CHIP OR TWO. IT MAY EVEN BE THAT THERE'S A NEW WHEEL.

2. OUR EXPERIENCE HERE IN THE LAST FEW YEARS DURING WHICH WE HAVE CONCENTRATED HEAVILY ON EXPORT PROMOTION AND REVERSE INVESTMENT HAS SUGGESTED THAT EXPLORATION OF HOW TO IMPROVE EFFECTIVENESS OF COMMERCIAL WORK MIGHT BE BROKEN DOWN UNDER FOUR HEADINGS:

- A) DEFINITION OF SCOPE
- B) MARKET CONCENTRATION
- C) PRODUCT CONCENTRATION
- D) ADMINISTRATIVE ATTITUDES

WE WILL NOT ADDRESS THE STATE/COMMERCE DICHOTOMY BOTH BECAUSE THAT WAS DONE REASONABLY THOROUGHLY IN EXPLORATION OF MAGNUSSON

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BILL AND BECAUSE OUR EXPERIENCE HERE HAS NOT INCLUDED ANY STATE/

COMMERCE FIGHTS BEYOND A THEORETICALLY NEGOTIABLE DISAGREEMENT
OVER THE USE OF THE AMERICAN MERCHANDISE DISPLAY OSAKA (AMDO).

3. DEFINITION: ARE WE REALLY SURE THAT WE KNOW WHAT THE US GOVERNMENT CAN DO IN TERMS OF COMMERCIAL SERVICES TO IMPROVE US TRADE, INVESTMENT, ETC.? THE OUTSTANDING SUCCESS IN JAPAN THIS YEAR (A TEN MONTH TRADE DEFICIT REDUCED BY OVER \$2 BILLION) REFLECTS A CONCERTED DIPLOMATIC/POLITICAL EFFORT BY ALMOST THE ENTIRE APPARATUS OF THE USG WHICH MOVED THE GOJ TO TAKE A SERIES OF ACTIONS. ONCE THESE ACTIONS WERE TAKEN THERE WERE OPENED UP POSSIBILITIES WHCH FOREIGN SERVICE COMMERCIAL OFFICERS IN JAPAN, IN COMMERCE AND IN STATE COULD EXPLOIT SOMEWHAT, BUT THESE PEOPLE WERE NOT THE POINT OF THE SPEAR. THE SAME QUESTION ARISES WHEN ONE LOOKS AT THE MULTI-NATIONAL CORPORATION, THE PROLIFERATION OF US BANKS ABROAD, THE TRANSPORTATION INDUSTRY'S RELIANCE ON OTHER WASHINGTON AGENCIES (EXCEPT TO THE EXTENT THAT REPRESENTATIONS ON LANDING RIGHTS, FUEL ALLOCATIONS, ETC., ARE MADE THROUGH OUR EMBASSIES). STATE 239800 RAISES THIS PROBLEM INFERENTIALLY BY CONCENTRATING ON "COMMERCIAL" WORK, NOT "ECONOMIC-COMMERCIAL" WORK, A POINT WHICH MIGHT ALSO BE CONSIDERED UNDER ATTITUDES. PERHAPS WHAT IS NEEDED IS A MODEST DEFINITION OF WHAT OUR "COMMERCIAL" ROLE CAN REALISTICALLY BE.

4. MARKET CONCENTRATION: DO WE PUT OUR COMMERCIAL OFFICERS WHERE THE MONEY IS? THE FOREIGN SERVICE LIST IS NOT THE BEST GUIDE, BUT THERE SEEM TO BE FIVE ECONOMIC-COMMERCIAL OFFICERS AT CONSULAR POSTS IN INDIA AND THE SAME NUMBER AT CONSULAR POSTS IN JAPAN. AN EXACT CORRELATION BETWEEN VALUE OF TRADE AND NUMBERS OF COMMERCIAL OFFICERS IS NOT POSSIBLE AND PROBABLY NOT DESIRABLE, BUT TIFFANY DOESN'T OPEN MANY STORES IN MISSISSIPPI.

5. PRODUCT CONCENTRATION: IN SOPHISTICATED MARKETS THE APPEAL OF AMERICAN MANUFACTURED GOODS IS LARGEMLY IN THE UPPER RANGES OF THE TECHNOLOGY AND THE AVERAGE, OR FOR THAT MATTER, THE ABOVE AVERAGE COMMERCIAL OFFICER CAN'T HANDLE THEM. WE HAVE CONCENTRATED HERE ON THE EXHIBITION/TRADE FAIR/TRADE SHOW/TECHNICAL SEMINAR ROUTES, BRINGING THE US SUPPLIER AND HIS PRODUCT FACE-TO-FACE WITH THE POTENTIAL JAPANESE CUSTOMER WHOM WE HAVE HELPED SELECT. THE SCENT OF PROFIT THEN TAKES OVER.

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YM ATTITUDES: IN THE LAST YEAR THIS POST HAS HAD SOME DIS-HEARTENING EXPERIENCES OF THE DEPARTMENT'S ATTITUDE TOWARD COMMERCIAL OFFICERS' POSITIONS:

A) IN MID-TOUR AND WITHOUT WARNING THE DEPARTMENT TRANS-FERRED THE CHIEF OF THE TWO-MAN COMMERCIAL SECTION HERE (US EXPORTS TO OSAKA-KOBE CONSULAR DISTRICT IN 1972 WERE OVER US\$2 BILLION) TO BANKGOK TO BE THE THIRD MAN IN THE COMMERCIAL SECTION THERE (US EXPORTS TO ALL OF THAILAND IN 1972 WERE US\$169 MILLION).

B) THE OSAKA POSITION WAS NOT FILLED FOR SIX MONTHS. WHEN IT WAS, THE OFFICER WAS AN ARAB LANGUAGE SPECIALIST WHO MADE THE POINT THAT ACCORDING TO THE DEPARTMENT THE OSAKA JOB REQUIRED S-2, R-2 IN JAPANESE: HE WAS TOLD THAT EXCEPTIONS COULD BE MADE. ONE WONDERS HOW MANY COMMERCIAL OFFICERS AT THE JAPANESE CONSULATE GENERAL IN CHICAGO DONT SPEAK ENGLISH.

C) WHEN THE ONE OTHER COMMERCIAL OFFICER WAS DETAILED TO VIET-NAM, OUR PLEA THAT HIS REPLACEMENT BE RELEASED EARLY FROM LANGUAGE TRAINING WAS DISMISSED ON THE HIGHLY DEBATABLE GROUND THAT HE WAS LEARNING MORE JAPANESE IN ARLINGTON THAN HE COULD IN KOBE.

D) A FOREIGN SERVICE INSPECTION TEAM CHOSE TO GO SIGHTSEEING RATHER THAN ATTEND THE OPENING OF AN EXHIBITION AT AMDO OF AN AMERICAN PRODUCT THAT HAD JUST BECOME COMPETITIVE BECAUSE OF YEN REVALUATION. THAT SAME TEAM REFUSED TO VISIT THE AMERICAN COM-

MERCIAL INFORMATION OFFICE IN NAGOYA, AN INTEGRAL PART OF THE CONSULATE GENERAL HERE WHICH IS HOUSED RENT-FREE BY THE AICHI PREFECTURE GOVERNMENT.

E). TO TRY FOR A MORE UP-BEAT ENDING, MAY WE SUGGEST DEPARTMENT TAP IDEAS OF ASSISTANT SECRETARY ROBERT INGERSOLL WHOSE ATTITUDE TOWARD COMMERCIAL WORK (TO SAY NOTHING OF HIS IDEAS) WAS FIRST-RATE. HOLLOWAY

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